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February 13, 2014

The Honorable Terry E. Branstad
Office of the Governor
State Capitol Building
Des Moines, Iowa 50319

Michael E. Marshall
Secretary of the Senate
State Capitol Building
Des Moines, Iowa 50319

Carmine Boal
Chief Clerk of the House
State Capitol Building
Des Moines, Iowa 50319

RE: FY 2013 Annual Urban Renewal Report - Tax Increment Financing (TIF)

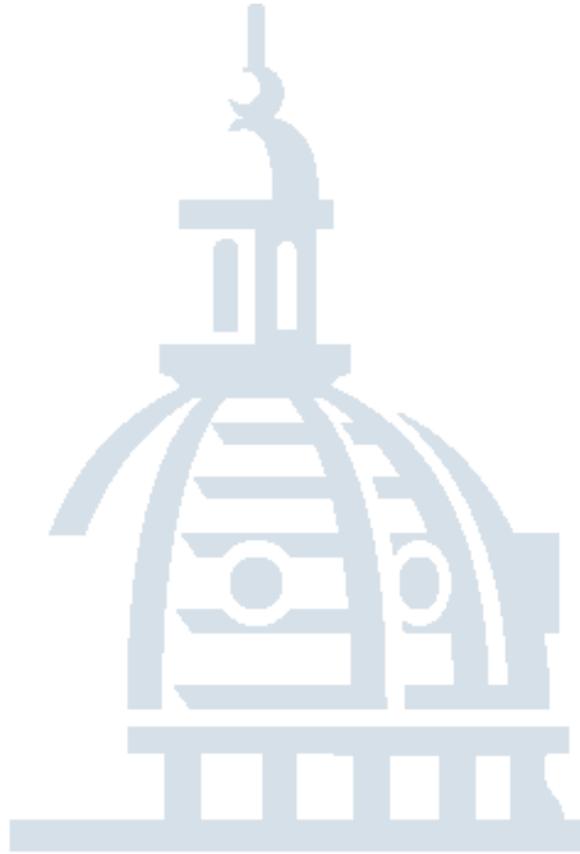
Pursuant to [Iowa Code section 331.403\(3\)\(d\)](#), the Legislative Services Agency (LSA) respectfully submits the attached report titled **FY 2013 Annual Urban Renewal Report - Tax Increment Financing (TIF)** to the Governor and the General Assembly. The report was prepared in consultation with Department of Management (DOM) and summarizes the tax increment financing reports submitted by local governments on urban renewal areas in effect at any time during FY 2013.

[Iowa Code section 331.403\(3\)\(c\)](#) also required that the DOM, in collaboration with the LSA, make publicly available on an internet site by December 1, 2012, a searchable database of all such information required under [Iowa Code section 331.403](#). This was completed and the website address is: <https://solr.legis.iowa.gov/tif/la>.

Sincerely,

Glen Dickinson
Director

**FY 2013 ANNUAL URBAN RENEWAL REPORT
TAX INCREMENT FINANCING (TIF)**



FISCAL SERVICES DIVISION

In consultation with

IOWA DEPARTMENT OF MANAGEMENT

FEBRUARY 14, 2014



**LEGISLATIVE
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Introduction

[House File 2460](#) (Tax Increment Finance Reporting Act of 2012) established new Urban Renewal and Tax Increment Financing (TIF) reporting requirements for counties, cities, and Rural Improvement Zones with Urban Renewal Areas in place during FY 2012 and subsequent fiscal years.

Tax Increment Financing is a financing mechanism for Urban Renewal. It involves dividing the property taxes paid from property within a designated area between the traditional taxing authorities (counties, cities, schools, etc.) and the taxing authority that created the TIF area.

The reporting requirements generally relate to the property tax implications of TIF: information on the amount of property tax revenue diverted to TIF, rebates paid with TIF funds in the report fiscal year and planned for future fiscal years, debt to be repaid with future TIF revenue, and TIF Special Revenue Fund income, expenses, and balances. The requirements also include reporting on characteristics of each TIF and Urban Renewal Area, low and moderate income housing requirements, data on development agreements that include job requirements and TIF expenditures, and a financial analysis of any public buildings proposed to be constructed in whole or in part with TIF funding. In addition, local governments were required to provide copies of maps, ordinances, and adopted plans in place for each Urban Renewal Area.

Reporting is required to be submitted electronically pursuant to instructions prescribed by the Department of Management (DOM) in consultation with the Legislative Services Agency (LSA). [House File 2460](#) further requires that the LSA, in consultation with the DOM, deliver an annual report to the Governor and the General Assembly summarizing and analyzing the information submitted in the local government reports. This document serves as the required annual report. **Appendix A** to this document provides basic information on TIF and a brief history of TIF reporting requirements.

The website for local government data entry, as well as for public access to the data, is found at: <https://solr.legis.iowa.gov/tif/la>. See **Appendix B** for a screen shot of the Urban Renewal reporting and public access website.

Local Government Responses

For FY 2013, 484 cities, counties, and Rural Improvement Zones had a total of 1,065 Urban Renewal Areas either on file with the DOM or reported as additional areas during this year's TIF reporting process.¹ A total of 16 local governments with \$1.97 million of budgeted TIF revenue for FY 2013 had not completed the reporting process as of January 30, 2014. Beginning with the FY 2013 report, local governments with Urban Renewal Areas will not be allowed to certify their FY 2015 budgets without first completing the

¹ Although the reporting requirements center on the financial implications of TIF, Urban Renewal Areas that do not utilize TIF may also be subject to the reporting requirements. Urban Renewal Areas that are not utilizing TIF revenue have not been reported to the DOM.

FY 2013 Urban Renewal Report. A list of the local governments that had not filed approved reports as of January 30, 2014, is included as **Appendix C**.

Financial Summary

Local governments were asked to report FY 2013 revenue, expenditure, and balance information for all Urban Renewal Areas. For each local government, the amounts for all areas should sum to the revenue, expenditure, and balances of that local government's TIF Special Revenue Fund. **Table 1** presents total balance, revenue, and expenditure information across all TIF Special Revenue Funds as reported by local governments.

	<u>FY 2012</u>	<u>FY 2013</u>
Beginning Balance	\$ 104.5	\$ 101.9
TIF Revenue	274.2	293.9
Interest	6.4	2.9
Asset Sales & Repayments	<u>19.6</u>	<u>31.5</u>
Total Revenue	\$ 300.2	\$ 328.3
Rebates	61.6	69.8
Expenditures	229.1	264.0
Returned to Prop. Tax System	<u>0.1</u>	<u>0.1</u>
Total Expenditures	\$ 290.8	\$ 333.9
Ending Balance	\$ 113.9	\$ 96.3

Debt

The survey of local governments required information on all outstanding debts at the beginning of FY 2013 that were to be paid in FY 2013 and future fiscal years with TIF property tax revenue. A total of 404 local governments reported a total of 3,084 debts outstanding (excludes any debts where the amount was reported as zero) totaling \$2,768.4 million. Some entities reported debt repayments extending more than 20 years. Just under 52.0% of the debt repayment amounts extend to FY 2024 and after. **Table 2** provides a breakdown of the total debt reported by all local governments.

Table 2
TIF Debt Reported - FY 2013

Fiscal Year of Final Debt Payment	Millions of Dollars	% of Total
FY 2013	\$ 136.7	4.9%
FY 2014 - FY 2018	432.4	15.6%
FY 2019 - FY 2023	770.9	27.8%
FY 2024 - FY 2028	653.5	23.6%
FY 2029 - FY 2033	432.7	15.6%
FY 2034 & After	342.2	12.4%
Total	\$ 2,768.4	100.0%

As a point of reference, with TIF debt reported by the local governments at \$2,768.4 million, and FY 2013 TIF revenue reported by those same governments at \$294.2 million, retiring the existing debt will take 9.4 years past FY 2013.²

TIF debt was reported in five categories (see **Table 3**):

- General Obligation Bonds – Bonds that are the obligation of the local government. These bonds are backed by an unlimited property tax authority.
- Internal Loans – Money owed to one of the funds of the local government itself. Generally, the debt is created when the local government pays a TIF expenditure from existing funds and the debt is retired when TIF funds are transferred to reimburse the original funding source.
- Other Debt – Debt that is owed to other entities that is not bond debt, such as bank loans.
- Rebates – Debt that is owed as part of a property tax rebate or development agreement between the local government and property owners. For the purposes of the Annual Urban Renewal Report, the local governments were required to report all agreements with the assumption that all future rebate payments will be made. For instances where the value of the rebate for future years is not known, best estimates are used.
- TIF Revenue Bonds – Bonds that are the obligation of the local government, but are only repayable from the specific TIF revenue pledged to the bonds. If the revenue from TIF is insufficient, the debt may not be fully repaid.

² The 9.4 years to retire the existing TIF debt is simply a reference calculation. Much of the debt extends beyond that timeframe, and in future years new debt will be added and the TIF revenue stream will change from year to year.

Table 3
Reported Debt by Debt Type

Dollars in Millions

Debt Type	Principal	Interest	Debt	% of Total
General Obligation Bonds	\$ 1,269.3	\$ 307.3	\$ 1,576.6	57.0%
Internal Loans	134.6	3.2	137.8	5.0%
Other Debt	141.6	38.8	180.4	6.5%
Rebates	519.2	1.8	521.0	18.8%
TIF Revenue Bonds	203.6	148.9	352.5	12.7%
Total	\$ 2,268.3	\$ 500.0	\$ 2,768.3	100.0%

As indicated in **Table 4**, 34.0% of TIF debt statewide is reported as annual appropriation debt. Local governments are required to report annual appropriation debt with the assumption that all annual payments will be made by future Boards and Councils.

Annual appropriation debt differs from ordinary indebtedness. While ordinary indebtedness requires the periodic repayment of all principal and interest from the funds pledged, annual appropriation debt documents specifically state that the local government reserves the right to not appropriate funds to make one or more debt payments. The documents that create the debt do not give the debt holder recourse to demand payment should the nonappropriation right be exercised. Payments are at the sole discretion of the Board or Council.

Table 4
Debt by Appropriation Category

Dollars in Millions

Appropriation Category	Principal	Interest	Debt	% of Total
Not Annual Appropriation Debt	\$ 1,530.2	\$ 297.5	\$ 1,827.7	66.0%
Annual Appropriation Debt	738.1	202.5	940.6	34.0%
Total	\$ 2,268.3	\$ 500.0	\$ 2,768.3	100.0%

A total of 404 local governments reported 3,084 debt instances. The 10 local governments with the largest dollar amount of TIF debt are listed in **Table 5**, along with the final fiscal year for their longest debt schedule. The 10 local governments listed in Table 5 represent 47.5% of all TIF debt reported.

Table 5
TIF Debt Reported - FY 2013

Dollars in Millions

<u>Local Government</u>	<u>Conventional Debt</u>	<u>Annual Appropriation Debt</u>	<u>Total Debt</u>	<u>Latest Repayment Date Reported</u>	<u>Total FY 13 Taxable Value of City</u>
Coralville	\$ 70.8	\$ 185.0	\$ 255.8	FY 2036	\$ 1,351.3
Des Moines	140.4	108.3	248.7	FY 2031	7,146.0
Altoona	46.7	138.0	184.7	FY 2043	769.2
Cedar Rapids	182.1	0.0	182.1	FY 2043	5,941.5
Dubuque	134.1	10.9	145.0	FY 2045	2,411.2
Sioux City	114.2	0.0	114.2	FY 2033	2,608.8
West Des Moines	56.7	2.2	58.9	FY 2029	4,221.9
Ankeny	48.8	2.0	50.8	FY 2029	2,238.9
Le Claire	9.0	32.0	41.0	FY 2030	189.2
North Liberty	33.9	3.3	37.2	FY 2026	653.4

Bond Debt

Local governments reported 1,138 separate General Obligation and TIF Revenue Bond debts with debt payments totaling \$1,929.0 million and the longest payment schedule extending through FY 2043. Of the reported bond debt, the payment schedules of 54.6% extend to FY 2024 and beyond. The largest single bond debt listed was by the city of Altoona for \$131.2 million. This debt was listed as an annual appropriation TIF Revenue Bond with payments due through FY 2043.

Internal Loan Debt

Local governments reported 703 internal loan debts totaling \$137.8 million with 13 loans extending past FY 2040. The largest single internal loan debt is associated with a joint TIF arrangement involving the city of Le Mars and Plymouth County. The loan repayment schedule totaled \$11.3 million with payments scheduled through FY 2021. Of all internal loan debt, 55.5% has a payment schedule extending to FY 2018 or longer.

Other Debt

Local governments reported 242 debts categorized as “other” and with future debt payments totaling \$180.4 million. The largest single loan in this category is a \$64.3 million annual appropriation debt listed by the city of Coralville. Of all outstanding debt classified as other debt, 64.8% has a payment schedule extending to FY 2025 or longer.

Rebate Debt

Local governments reported 941 separate rebate agreements with rebate debt outstanding. The rebate debt totaled \$521.1 million, with the longest rebate agreement extending through FY 2033. Of all rebate agreement debt, 56.6% has a payment schedule extending to FY 2022 or longer. The largest rebate agreement (\$18.1 million) is between the city of Des Moines and Allied Insurance. The agreement extends through FY 2031.

FY 2013 Rebate Expenditures

A total of 208 local governments reported \$69.8 million in rebate payments issued from TIF revenue to taxpayers during FY 2013. Eighteen cities issued 70.1% of the FY 2013 rebated tax dollars. The list of local governments rebating \$1.0 million or more is found in **Table 6**.

Table 6		
FY 2013 Rebate Totals by Local Government		
Dollars in Millions		
Local Government	Tax Rebate Total	# of Reported Rebates
Des Moines	\$ 14.5	33
Council Bluffs	4.4	13
West Des Moines	4.1	4
Dubuque	3.4	34
Cedar Rapids	3.0	8
Waterloo	2.3	38
Clive	2.0	6
Urbandale	1.8	17
Newton	1.7	3
Altoona	1.6	11
Le Claire	1.5	33
Coralville	1.4	4
Johnston	1.3	6
Davenport	1.3	14
Clinton	1.3	5
Huxley	1.1	15
Marion	1.1	11
Slater	1.1	3
<u>190 Other Local Governments</u>	<u>20.9</u>	<u>597</u>
Total	\$ 69.8	855

Table 7 provides a list of companies and entities receiving \$1.0 million or more in TIF-financed property tax rebates in FY 2013 as reported by the local governments. The

largest single rebate agreement was \$2.76 million, rebated to Nationwide Insurance through two agreements with the city of Des Moines. Polk County and four cities, (Des Moines, Marion, Grinnell, and Davenport) appear on the list as tax rebate recipients.

Table 7
FY 2013 Rebates by Company

Dollars in Millions

Rebated To:	Rebate		Location
	Amount Reported	% of Total	
Nationwide Mutual Insurance	\$ 2.8	4.0%	DSM
Aviva USA Corporation	2.9	4.2%	DM & WDM
Wells Fargo	4.3	6.2%	DM, WDM, Clive
Wellmark	2.0	2.9%	DM
US Motorsports	1.6	2.3%	Newton
City of Des Moines	1.3	1.9%	DM
Davis Brown	1.3	1.9%	DM
Iowa West Foundation	1.2	1.7%	Council Bluffs
KIMCO Metro Crossing LP	1.1	1.6%	Council Bluffs
Citizen's First Bank c/o Valley Bluff	1.1	1.6%	Clinton
Clive Health Campus Titleholders	1.0	1.4%	Clive
749 Other Rebate Agreements	49.2	70.5%	Various
Total	\$ 69.8	100.0%	

DSM = Des Moines, WDM = West Des Moines

Nonrebate Projects

Local governments reported a total of 2,193 nonrebate projects financed through TIF Special Revenue Funds in FY 2013. Local governments were required to categorize projects according to the expenditure type and also specify whether the project was physically complete by the end of FY 2013. Of those projects, 1,755 were listed as physically complete and 438 projects are in process. **Table 8** provides a breakdown of projects by number and by FY 2013 expenditure amount. Note that the expenditure amounts represent the payments made in FY 2013 and do not reflect the entire cost of the projects.

For the fiscal year, the category of Roads, Bridges, and Utilities represents approximately 45.0% of both the number of total projects, and the amount of money expended on projects. The second most common TIF expenditure category is public buildings, representing 6.6% of projects and 13.2% of expenditures.

Table 8
Nonrebate Projects Reported by Project Category
 Dollars in Millions

Number of TIF Projects by Type	Ongoing	Complete	Total	FY 2013 Expended Amount	% of Total	Cummulative % of Total
Roads, Bridges & Utilities	211	817	1,028	\$ 115.5	43.5%	43.5%
Municipal/Public-Owned Buildings	18	127	145	35.1	13.2%	56.8%
Commercial - Office Properties	11	51	62	21.6	8.1%	64.9%
Recreational Facilities	14	93	107	17.9	6.7%	71.7%
Water/Waste Treatment Plants	6	86	92	15.3	5.8%	77.4%
Commercial - Hotels/Conference Centers	1	26	27	12.5	4.7%	82.1%
Commercial - Retail	25	54	79	9.0	3.4%	85.5%
Industrial/Manufacturing	12	121	133	9.0	3.4%	88.9%
Administrative Expenses	57	143	200	8.3	3.1%	92.0%
Acquisition of Property	6	82	88	6.5	2.5%	94.5%
Residential	16	64	80	2.8	1.1%	95.6%
Mixed Use Property	11	12	23	2.6	1.0%	96.5%
Low & Moderate Income Housing	15	29	44	2.2	0.8%	97.4%
Lake & Related Improvements (RIZ)	13	2	15	2.0	0.8%	98.1%
Commercial - Warehouses & Distribution	1	19	20	1.5	0.6%	98.7%
Commercial - Apartments/Condos/Residential	1	12	13	1.0	0.4%	99.1%
No Category Listed	9	0	9	0.7	0.3%	99.3%
Agribusiness	0	7	7	0.7	0.3%	99.6%
Main Street Iowa Program	9	4	13	0.7	0.3%	99.8%
Commercial - Medical	2	6	8	0.4	0.2%	100.0%
Total	438	1,755	2,193	\$ 265.3	100.0%	

Public Building Analysis

[Iowa Code section 403.5\(2\)\(b\)\(1\)](#) requires municipalities to analyze other funding options available when proposing to finance government buildings with TIF funds. The requirement applies to TIF proposals to finance public buildings beginning July 1, 2012. A total of nine cities filed 13 public building financial analyses through the TIF reporting system.

Table 9 provides a list of the proposed public buildings, along with a review of the types of additional funding options considered by the local government.

Table 9
Public Building Analysis

Local Gov.	Public Facility	City or County General Fund	Debt Service or Capital Improvement Levy	Grants, State or Federal Funds	Local Option Taxes	Donations & User Fees	Utility Fund Surpluses
Algona	Public Library	No	No	No	No	No	n/a
Clive	Town Center Municipal Buildings	No	No	No	No	n/a	n/a
De Witt	Police Facility	No	No	No	No	n/a	No
Dubuque	Downtown Parking Ramps Refinancing	No	No	No	No	Yes	n/a
Dubuque	Multi-Cultural Family Center Improvements	No	No	No	No	n/a	n/a
Dubuque	Mystique Ice Center Improvements	No	No	No	No	n/a	n/a
Dubuque	Public restroom at 5th and Bluff Street	No	No	No	No	n/a	n/a
Garnavillo	Municipal Building	No	No	No	Yes	n/a	No
Marquette	Scenic Overlook and Boardwalk	Yes	No	Yes	No	No	n/a
Palo	FEMA Safe Room Community Center	No	No	Yes	No	n/a	No
Palo	Fire Station	No	No	Yes	No	n/a	No
Walcott	City Hall	No	No	n/a	Yes	n/a	No
Waukon	Library Project	No	No	Yes	No	Yes	n/a

Yes = The city or county plans to use that source for a portion of the project.

No = The city or county analyzed that source but does not plan to use it, or the source is not available.

n/a = That funding source was not discussed in the analysis.

Low and Moderate Income (LMI) Housing

Iowa's TIF enabling legislation requires that local governments providing TIF-financed public improvements related to housing or residential development also expend funds assisting LMI housing. The LMI housing requirement is a percentage of TIF expenditures equal to the countywide percentage of that population that falls into the LMI category. The specified percent varies depending on the population of the municipality. Municipalities with a population of 5,000 or less may not require any set aside, while municipalities with a population exceeding 15,000 require at least 10.0% and often higher. The TIF report project asked local governments to report:

- The FY 2013 expenditures for public infrastructure related to housing (expenditures that trigger the LMI set-aside).
- The FY 2013 expenditures that satisfy FY 2012 or previous year LMI set-aside expenditure requirements.
- Outstanding LMI financial obligations that must be satisfied in future fiscal years. Although the law requires LMI housing expenditures in some TIF circumstances, it does not require that the expenditures occur within the same year the requirement is triggered. Therefore, a build-up of required LMI set-aside balance may develop.

Three counties and 45 cities reported a total of \$3.3 million in FY 2013 TIF expenditures that triggered the LMI set-aside requirement. Four counties and 46 cities reported \$3.7 million in LMI housing expenditures for FY 2013. The largest categories of expenditures were "other LMI housing assistance" (\$1.3 million) and LMI construction (\$1.1 million). The \$3.7 million in low and moderate income housing assistance represents 1.1% of all TIF expenditures reported by local governments in FY 2013.

Four counties and 36 cities reported a total of \$9.3 million in LMI financial obligations that must be satisfied in future fiscal years. Five local governments, De Witt, Polk

County, Winterset, Pleasant Hill, and Creston, represent 48.7% of the total outstanding LMI obligation.

Jobs Development Agreements

All local governments that have entered into development agreements with TIF funding and job creation requirements were asked to report specific information related to those agreements. A total of 63 local governments reported 237 development agreements in place in FY 2013. Those agreements required a total of 32,024 jobs. Of that total, 68.4% represented the job totals for five local governments (Des Moines, Dubuque, Davenport, Iowa County, and Johnston).

Jobs agreements totaling at least 1,000 jobs include:

- Wells Fargo, two agreements (4,152 jobs, Des Moines).
- Nationwide Insurance, two agreements (4,008 jobs, Des Moines).
- Wellmark (1,670 jobs, Des Moines).
- Whirlpool (1,600 jobs, Iowa County).
- IBM (1,300 jobs, Dubuque).

The reporting requirements also include statistics related to the annual total salary required and public and private capital investment involved in the project. However, while all but one project contained an entry for the number of jobs associated with the project, many did not report wage and capital investment information.

In addition, the report allowed for the reporting of other governmental financial incentive programs that also assisted in financing the project. Of the 237 development agreements listed, 83 projects include at least one other state or local financial assistance program. Two projects, Nationwide Insurance in Des Moines and IBM in Dubuque, recorded additional government funding from six other state, local, and federal programs.

Across all reported projects, the most popular additional programs were the Iowa Development Authority High Quality Jobs Program, community college job training through Iowa Code chapter [260E](#), the Targeted Jobs Withholding Pilot Project, local property tax abatement, and the Enterprise Zone Program. Local governments were not required to report the dollar value of assistance provided through other governmental financial assistance programs.

TIF Taxing District Information

For the purposes of this report, a TIF Taxing District is the combination of properties that make up the base district and the increment district for a particular TIF.

The DOM dataset contains a total of 3,170 city, county, and Rural Improvement Zone TIF Taxing Districts. The reporting requirement requires information for each TIF Taxing District including:

- Confirmation of the TIF Base Year.
- The fiscal year TIF revenue was first received for the District.
- Whether the District is subject to a statutory end date, and if so, the fiscal year the District will end.
- Whether the District is established on a finding of slum, blight, or economic development conditions, or a combination of those conditions. A date is required for each type of affirmative finding.
- Confirmation of the Frozen Base Value for the District.
- Using the Frozen Base Value and the value of the TIF increment, the system calculates the value of any unused increment taxable value and unused increment tax dollars. Using the assessed value of the district and the Frozen Base Value, along with the value of rollbacks and military exemptions, the system calculates the maximum increment for the District. The system then subtracts the actual increment used from the maximum to determine and report if there is any unused increment value.
- The TIF property tax dollars received by the District in FY 2013.

The following statistics related to the TIF area designation are based on the 3,170 Districts that reported.

- TIF Taxing District designation:
 - Slum, Blight, or Both = 198 (6.2%).
 - Economic Development and Slum/Blight = 318 (10.0%).
 - Economic Development Only = 2,123 (67.0%).
 - No designation entered, but with budgeted TIF Revenue = 142 (4.5%).
 - No designation entered, no budgeted TIF Revenue = 389 (12.3%).
- The earliest TIF Taxing District base years are Dubuque and Carroll (1966). Waterloo and Mason City also have Districts with base years from the 1960s.
- Of the taxing districts with a designation reported, from base year 1997 through base year 2013, 94.3% of new TIF Taxing Districts are designated economic development districts.
- Of the taxing districts with a designation reported, 57.9% reported a statutory end date. Since base year 1997, the percentage is 72.1% with required end dates.
- Total FY 2013 TIF property tax revenue received = \$293.9 million. The budgeted FY 2013 TIF revenue for all city, county, and Rural Improvement Zone TIF Taxing Districts is \$296.8 million, making the reported number 99.0% of the expected total. The reporting percentage for the FY 2012 report was 95.6%.
- Across all reporting local governments, the total unused increment equals \$10.0 billion of taxable value.
- Of the 3,170 city, county, and Rural Improvement Zone TIF Taxing Districts:
 - 812 utilize 100.0% of the available increment.
 - 1,074 have no increment available.

- 1,180 have unused increment.
- 104 utilized increment value in excess of the calculated maximum

Public Access to the Data

The electronic format chosen for the TIF reporting project is advantageous to allowing public access to the data reported by local governments.

To view and download the information, a user MAY access the TIF website located at solr.legis.iowa.gov/tif/la and click on the red box titled “Public TIF Reports Page.” See **Appendix B** for a screen shot of the Urban Renewal reporting and public access website.

From there, the website takes the user to a list of all local governments with Urban Renewal Areas listed in the DOM property tax system. Access to the FY 2012 and FY 2013 reports is provided through tabs toward the top of the page. Counties are listed first, followed by cities, and then Rural Improvement Zones. All levy authorities are listed in alphabetical order within those categories. An alphabet filter near the top provides access to local governments by the first letter of their name.

The following is the type of information available through the website:

- For each local government with an approved report, a link on the right allows access to a PDF version of their report.
- On the same line and between the name of the local government and the report name, there is a red triangle. Clicking here provides access to PDF copies of the Urban Renewal plans, maps, and ordinances provided by that local government.
- At the very top of this page are two links to Excel-based tools for data access. The left link provides a tool to compare one local government to another on significant TIF-related variables. The right link provides access to an Excel query tool that allows the user to search and retrieve information for a single local government or for all local governments.
- The top of this page also contains links to the FY 2012 and FY 2013 LSA Annual TIF Reports.

TIF Report Project – Summary

For the FY 2013 report, 484 local governments filed Urban Renewal reports with the State, 96.8% of the expected 500 local governments. The TIF revenue reported across all the reports totaled \$293.9 million, 99.0% of the FY 2013 budgeted TIF revenue for cities, counties, and Rural Improvement Zones. Highlighted findings from the FY 2013 report include:

- The FY 2013 reporting project had an excellent response rate as discussed in the previous paragraph. Any local government that is subject to the reporting requirement will not be able to certify their FY 2015 budget until an Urban Renewal report has been filed with the DOM.

- Local governments have a total of about \$100.0 million in TIF Special Revenue Fund balances. That amount represents about one-third of a year's TIF revenue. This money may only be expended on eligible Urban Renewal activities, or it must be returned to the county for distribution to the regular local government property tax system.
- TIF property tax revenue totaled \$293.3 million for the year and expenditures from TIF Special Revenue funds on property tax rebates and debt payments totaled \$333.8 million.
- Very little (about \$100,000) in unused TIF Special Revenue Fund revenue gets returned to the local property tax system.
- Local governments reported a total of \$2.768 billion in outstanding debt that they expect to repay with future TIF revenue. The amount is down slightly from the FY 2012 reported debt and it represents 9.4 years of TIF revenue at the FY 2013 collection level.
- More than one-half of the reported outstanding TIF debt has a repayment schedule that extends to FY 2024 and after.
- About 70.0% of all outstanding TIF debt is bond debt and another 18.8% is future tax rebates.
- Annual appropriation debt represents 34.0% of all reported debt.
- \$69.8 million in property tax rebates were paid with TIF funds in FY 2013.
- \$265.3 million in TIF funds was used on nonrebate expenditures (debt repayments).
- Of the \$265.3 million, 43.5% was associated with bridge, road, and utility projects and 13.2% was associated with public buildings.
- A total of nine cities filed 13 public building financial analyses through the TIF reporting system.
- Statewide, about 1.1% of TIF expenditures are related to the LMI housing set-aside provisions of the Iowa Code.
- Four counties and 36 cities reported a total of \$9.3 million in LMI financial obligations that must be satisfied in future fiscal years.
- A total of 63 local governments reported 237 development agreements in place in FY 2013. Those agreements require the creation or retention of 32,024 jobs. Most projects financed with TIF revenue do not have specific job creation agreements.
- Less than 20.0% of TIF taxing districts are created with slum and/or blighted conditions as the reason for the need to create the district. The large majority of TIF districts in Iowa are created on the exclusive finding of economic development need.

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APPENDIX A - TIF History and Background

Basic Urban Renewal and TIF History

- Commonly referred to by its acronym of “TIF” but officially part of Iowa’s “Urban Renewal” law, property tax TIF is simply a financing option for urban renewal activities that utilize property tax revenue to address slum and blight conditions and/or promote economic development.
- Authorization for urban renewal activities is found in Iowa Code chapter [403](#). This Iowa Code chapter was enacted in 1957 (SF 184).
- Tax Increment Financing was added as a financing mechanism for Urban Renewal in 1969 (HF 562).
- Cities and counties may establish TIF areas.
- Rural Improvement Zones (Iowa Code chapter [357H](#)) – A Rural Improvement Zone is an area designated by a county around a private development lake. TIF funds may be collected and utilized for development projects within the Zone.
- Three versions of Iowa tax increment financing that are not covered by the reporting requirement include:
 - Community College Job Training (Iowa Code chapter [260E](#)) – Allows a community college, in conjunction with a qualified employer, to utilize income tax withholding to finance job training for the employer.
 - Local Option Sales Tax TIF (Iowa Code section [423B.10](#)) – Allows cities to capture and utilize local option sales tax revenue for development activities within an Urban Renewal Area.
 - Targeted Jobs Withholding Tax TIF (Iowa Code section [403.19A](#)) – Allows specific cities to utilize income tax withholding from qualified jobs within an Urban Renewal Area to finance development activities.

Basic Urban Renewal and TIF Process

- Municipalities designate a specific geographic area (or areas) as an Urban Renewal Area.
- Urban Renewal areas are designated as either “slum and/or blighted” or as “economic development.” They may also receive more than one designation.
- The municipality generally does not need the permission of the other taxing authorities in order to establish a TIF.
- A tax “base” is established for the area to account for the assessed value prior to the designation. The tax revenue from the base value remains with the traditional taxing authorities. However, under certain circumstances (usually the impact of taxable value rollbacks) the base value declines and in some instances goes to zero, leaving the traditional taxing authorities with no revenue from the entire TIF District.
- In future years, any increased assessed value above the base is referred to as “increment” value. The TIF authority may access the taxes generated from the

increment value. If the TIF authority accesses the increment revenue, that revenue does not go to the traditional taxing authorities.

- Debts levies, the school Physical Plant and Equipment Levy (PPEL), and for FY 2014 and after, the Instructional Support Levy (ISL), are not included in the division of revenue.
- The TIF authority is not required to access the entire increment value.
- The increment is not limited to new construction value. The increment also includes any increased value due to revaluation of existing property, including the common impact of property value inflation.
- Once designated, the geographic area of the TIF may be amended by the municipality.
- Urban Renewal areas created prior to 1995 and any area created on a finding of slum or blight are not required to expire. Since 1995, economic development areas are limited to 20 years duration, but only if they are not also designated slum or blighted.
- Through the action of the school aid formula, TIF creates a direct impact on the State General Fund. The taxable value in TIF increment areas is not included in the school aid calculation. Therefore, the property tax portion of school finance is lower and the State General Fund portion is higher than would otherwise be the case. For FY 2013, the direct General Fund impact was an increase in the State School Aid appropriation of \$49.8 million.

Previous TIF Reporting Requirements

- The 1999 General Assembly (HF 776) enacted language requiring municipalities to report TIF activity annually to the State. The report included detailed information on each TIF area and the associated projects.
- In 2003, those reporting requirements were removed and replaced by a semiannual report detailing outstanding TIF obligations. Debt reports were filed in 2003 and 2005.
- In HF 2777, the 2006 General Assembly enacted language requiring more detailed accounting of TIF revenue and expenditures. The report was made part of the budget documents and budget process.
- In [HF 2460](#), the 2012 Legislature replaced the budget process reporting with the required reporting that is the subject of this annual report.
- Previous LSA Issue Reviews on the topic of TIF Include:
 - [2006 TIF Debt Report](#)
 - [2003 City TIF Report](#)
 - [2003 County TIF Report](#)
 - [1997 TIF Report](#)
 - [1993 TIF Report](#)

FY 2013 TIF Statistics³

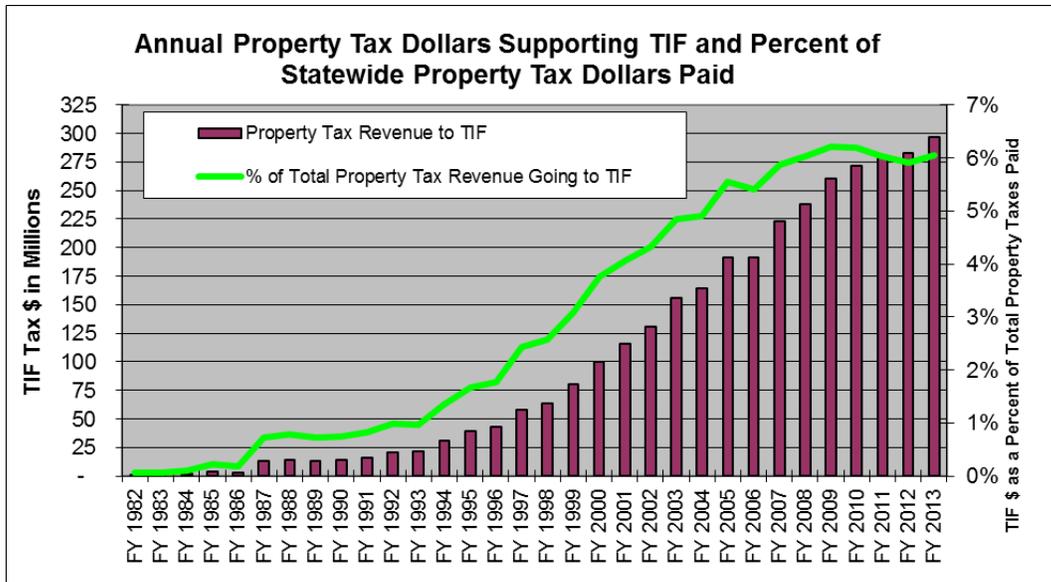
- For FY 2013, there were 851 active Urban Renewal areas in Iowa (they have either a base value, increment value, or both). Another 173 areas are in the database but do not have taxable value.
- Of the 851 active areas, 117 areas do not have an increment value so they did not generate TIF revenue in FY 2013.
- Of the 734 areas that did generate TIF revenue, 86 did not have a base taxable value, meaning that with the exception of TIF-exempt debt levies, the entire property tax revenue generated by the area went to TIF.
- The largest FY 2013 Urban Renewal area in the State by taxable value was the Metro Center Merged Area in downtown Des Moines. That area generated \$26.8 million in TIF revenue in FY 2013.
- While in general, property tax revenue generated from the tax increment value is TIF revenue and therefore not shared with the traditional taxing bodies, debt levies and two school finance levies are exempt from TIF diversion. Across all TIF increments in FY 2013, approximately 12.8% of all increment property tax revenue was not diverted to TIF but instead was remitted to the traditional taxing bodies as a result of the exempt levies.
- A total of 398 local governments⁴ received TIF revenue in FY 2013, including:
 - 347 cities
 - 45 counties
 - 2 Community Colleges
 - 4 Rural Improvement Zones

The following chart depicts the amount of property tax dollars statewide that financed TIF from FY 1982 through FY 2013 (bars, left axis). The TIF finance total reached \$75.0 million by FY 1999, \$175.0 million by FY 2005, and \$275.0 million by FY 2011.

The green line (right axis) depicts the percent of all property taxes paid in the State that financed TIF. The graph shows that a significant change in the slope of the line started with FY 1994 and the increase was fairly consistent, reaching 6.2% in FY 2009. In the following four years, the percentage of total property tax dollars dedicated to TIF has decreased somewhat.

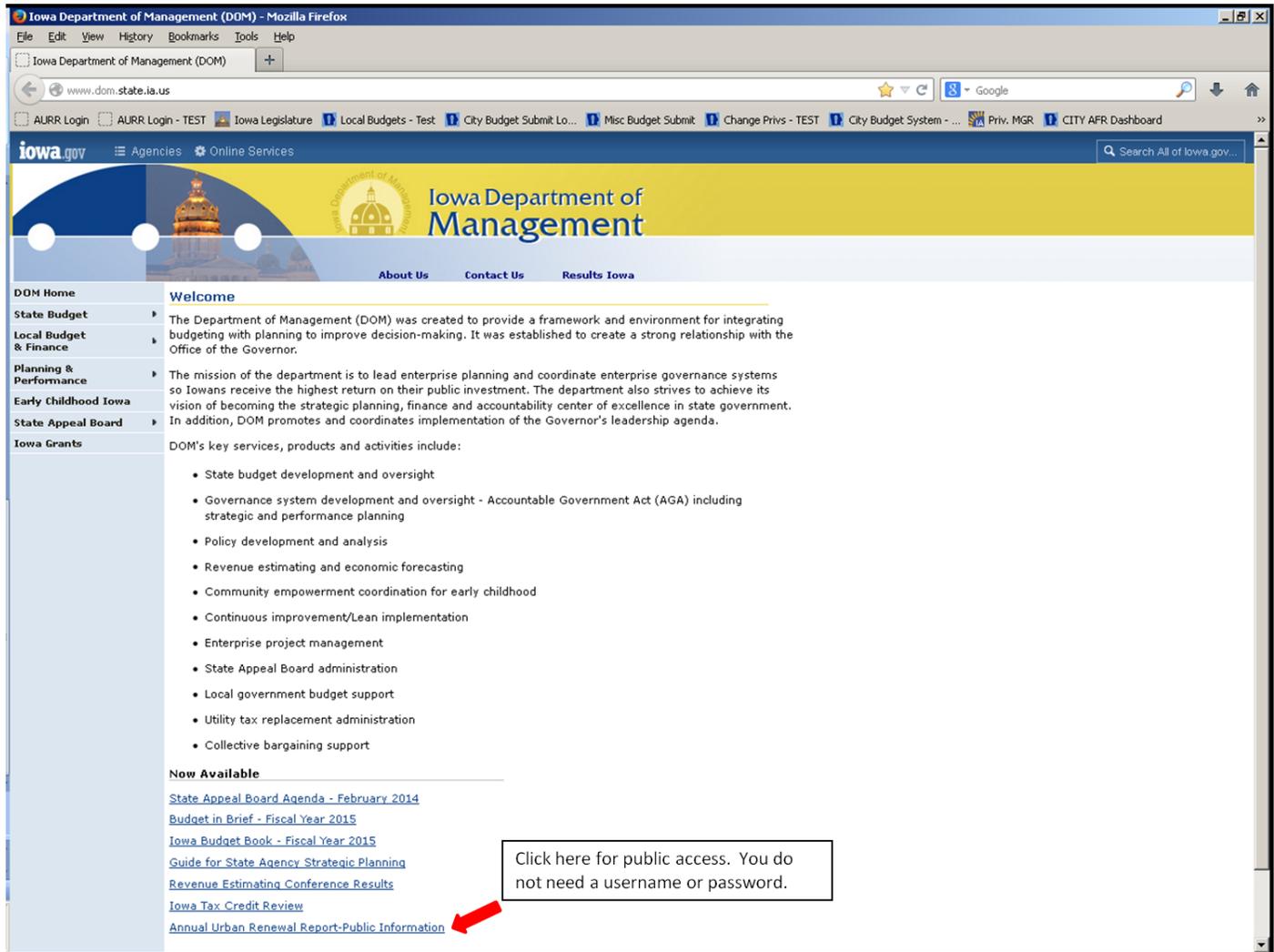
³ The FY 2013 TIF statistics are from the DOM property tax database and not from the TIF Reporting Project.

⁴ There are a total of 474 local governments with TIF Taxing Districts in the DOM property tax database. However, 76 of those did not receive TIF revenue in FY 2013.

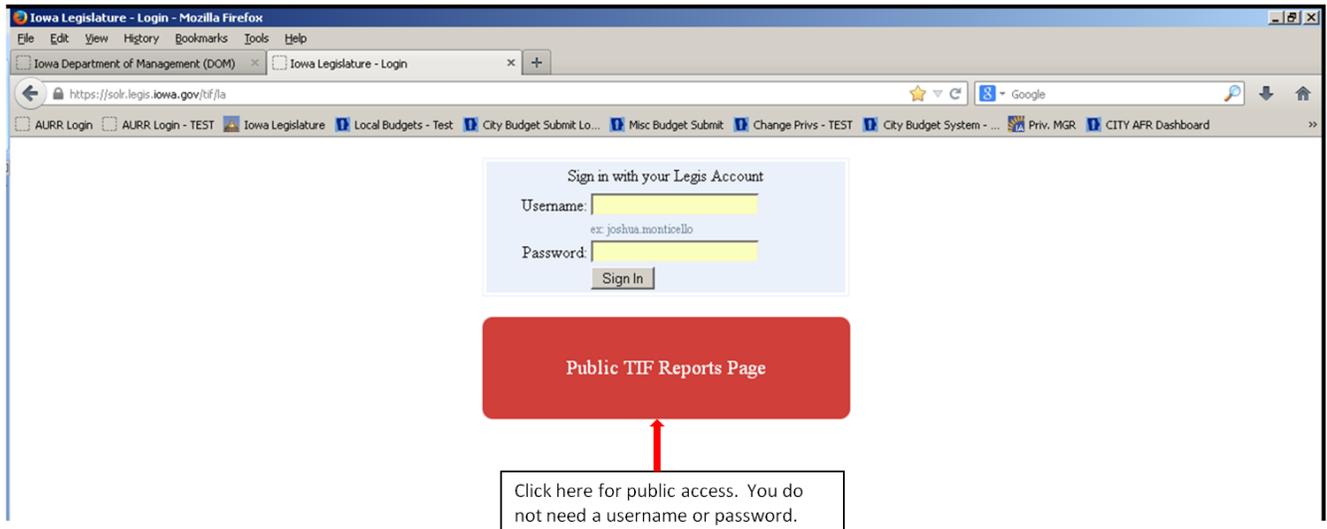


APPENDIX B – Urban Renewal Reporting and Public Access Website Screen Shot 1

<http://www.dom.state.ia.us/>



APPENDIX B – Urban Renewal Reporting and Public Access Website Screen Shot 2



APPENDIX B – Urban Renewal Reporting and Public Access Website Screen Shot 3

The screenshot shows the 'TIF Levy Authority Reporting' website interface. At the top, there are navigation tabs for 'Data Comparison Tool', 'Data Access Tool', 'FY12 LSA TIF Report', and 'FY13 LSA TIF Report'. Below these are two report selection tabs: 'AY 2011/FY 2013 Report' and 'AY 2010/FY 2012 Report'. A filter bar contains the letters A through Z. The main content area is titled 'County Reports' and lists 18 Iowa counties. Each county entry includes a 'LA Code' and a 'LA Report File' link. Red arrows and callout boxes provide instructions on how to use the site's features.

Callout Boxes:

- Top Left:** Click here for access to query tool to search and retrieve info for a single local government or for all local governments.
- Top Center:** Click here to filter info alphabetically.
- Left Side:** Click here to make comparisons of up to 4 Levy Authorities in Excel format.
- Center:** Click on tabs to access reports from each available year.
- Bottom Center:** Click on red triangle to view PDF copies of plans, maps, and ordinances.
- Bottom Right:** Click here for PDF version of report submitted by local government.

County	LA Code	LA Report File
ADAIR COUNTY	01	TIF-01-2011_12-18-2013.pdf
ADAMS COUNTY	02	TIF-02-2011_11-08-2013.pdf
AUDUBON COUNTY	05	TIF-05-2011_09-30-2013.pdf
BENTON COUNTY	06	TIF-06-2011_10-24-2013.pdf
BOONE COUNTY	08	TIF-08-2011_12-03-2013.pdf
BREMER COUNTY	09	TIF-09-2011_11-26-2013.pdf
BUTLER COUNTY	12	TIF-12-2011_12-18-2013.pdf
CALHOUN COUNTY	13	TIF-13-2011_11-08-2013.pdf
CARROLL COUNTY	14	TIF-14-2011_11-15-2013.pdf
CASS COUNTY	15	TIF-15-2011_12-18-2013.pdf
CEDAR COUNTY	16	TIF-16-2011_11-04-2013.pdf
CERRO GORDO COUNTY	17	TIF-17-2011_11-02-2013.pdf
CHEROKEE COUNTY	18	TIF-18-2011_11-02-2013.pdf
CLAYTON COUNTY	22	TIF-22-2011_11-02-2013.pdf
DALLAS COUNTY	25	TIF-25-2011_11-25-2013.pdf
DICKINSON COUNTY	30	
DUBUQUE COUNTY	31	
FAYETTE COUNTY	33	
FLOYD COUNTY	34	
FRANKLIN COUNTY	35	
FREMONT COUNTY	36	
GRUNDY COUNTY	38	
GUTHRIE COUNTY	39	TIF-39-2011_10-28-2013.pdf
HAMILTON COUNTY	40	TIF-40-2011_11-18-2013.pdf
HARDIN COUNTY	42	TIF-42-2011_12-18-2013.pdf
HARRISON COUNTY	43	TIF-43-2011_11-22-2013.pdf
HOWARD COUNTY	45	TIF-45-2011_12-18-2013.pdf
IDA COUNTY	47	TIF-47-2011_11-07-2013.pdf
IOWA COUNTY	48	TIF-48-2011_12-18-2013.pdf
JASPER COUNTY	50	TIF-50-2011_12-02-2013.pdf
KOSSUTH COUNTY	55	TIF-55-2011_10-07-2013.pdf
LUCAS COUNTY	59	TIF-59-2011_11-22-2013.pdf
LYON COUNTY	60	TIF-60-2011_10-24-2013.pdf
MARSHALL COUNTY	64	TIF-64-2011_11-26-2013.pdf
MILLS COUNTY	65	TIF-65-2011_11-25-2013.pdf
MITCHELL COUNTY	66	TIF-66-2011_11-19-2013.pdf
MONROE COUNTY	68	TIF-68-2011_09-06-2013.pdf
MUSCATINE COUNTY	70	TIF-70-2011_11-14-2013.pdf
O'BRIEN COUNTY	71	TIF-71-2011_12-18-2013.pdf
OSCEOLA COUNTY	72	TIF-72-2011_11-26-2013.pdf

APPENDIX C – Local Governments without Approved Urban Renewal Reports

Report Status as of January 30, 2014		
No Report Approval Date		
Levy Authority	FY 2013 Budgeted TIF Revenue	Also listed as Nonreporting for the FY 2012 Report
Belleue	\$245,307	X
Bluegrass	609,860	X
Cambridge	296,273	X
Donahue	19,784	X
Gilmore City	12,675	X
Glenwood	352,868	X
Holiday Park RIZ	109,853	X
Keystone	106,471	
Maxwell	0	X
Mediapolis	3,034	X
Newhall	0	X
Norway	0	X
Pulaski	4,331	X
Quasqueton	6,893	
Quimby	0	
State Center	205,096	X
	\$1,972,445	